crude import bill spiralling with surge in international prices by investing in oil price linked bonds where return multiplies with rise in crude prices;

(b) whether India can benefit in this way as rise in the crude cost would be compensated from the returns on the bonds; and

(c) if so, what is Government's reaction thereon?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) In a presentation to the Ministry of Petroleum and Natural Gas and oil PSUs in September, 2004, a team from the World Bank had *inter alia* suggested that the Government/oil PSUs could invest in oil price linked bonds to be issued by the World Bank. Under this arrangement, the coupon rate would depend upon the price of oil, *viz.*, high coupon rate when the oil prices are high and low coupon rate in case of low oil prices.

(b) and (c) As the Government does not import any oil itself, it does not have any direct oil price risk exposure. The exposure of oil refining companies is not to absolute crude oil price but the differential between the product and crude oil prices in the international market. Therefore, the bonds linked only to crude oil prices are not directly relevant to them. Some of the oil refining companies are already using crack spread (differential between product and crude oil price) to hedge some portion of their margin.

Adulteration of naphtha with petrol and diesel

†1280. DR. PRABHA THAKUR : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are aware that naphtha adulterated diesel and petrol is being supplied at petrol pumps;

(b) whether naphtha mixed smoke has an adverse effect on the environment; and

(c) the details of steps taken by Government to put a check on this kind of adulteration?

---

†Original notice of the question was received in Hindi.

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) The possibility of mixing of naphtha with petrol by some unscrupulous elements cannot be ruled out owing to substantial price differential between petrol and naphtha and the miscibility of naphtha with petrol.

(b) Yes, Sir.

(c) Government have issued the Naphtha (Acquisition, Sales, Storage and Prevention of Use in Automobile) Order, 2000 under the essential Commodities Act, 1955 to prevent diversion and misuse of naphtha for adulteration. State Governments have been empowered under this Order to take action in the case of malpractices/irregularities. In cases of adulteration, Oil Marketing Companies (OMCs) take penal action against their dealers under the Marketing Discipline Guidelines (MDG).

Gas pipeline network

1281. SHRI TARINI KANTA ROY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have decided to develop gas pipeline network notifying GAIL as the nodal agency; and

(b) if so, the time-frame thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) No, Sir. Government is formulating a Natural Gas Pipeline Policy which *inter alia* envisages the early development, in a competitive environment. of a nation-wide gas grid, with the participation of both the public and private sectors.

Indo-Pakistan oil exploration project

1282. SHRI SANJAY NIRUPAM : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have explored oil in the Rajasthan desert;

(b) whether it is a project being undertaken by India and Pakistan; and

(c) if so, the details about the plan of the project and procedure?